

**EX. 1**

## SECOND ORIGINAL

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1. Shipbroker  Simpson Spence & Young Shipbrokers Ltd. London		THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO) STANDARD BAREBOAT CHARTER CODE NAME: "BARECON 89"	
2. Place and date  London 18/12/97		PART I	
3. Owner/Place of business  Pillsburg Navigation S.A. Panama  c/o Ocean Trade S.A. of Panama Omega Building 80 Kifissias Ave, CR-151 25 Amerousion, Greece		4. Bareboat charterers (Charterers)/Place of business  Ocean Reyna Shipholding S.A., of Panama  c/o Interpacific Lines Co. Ltd 6th Floor, Toranomon, 33 Mori Building 3-8-21, Toranomon, Minato-Ku Tokyo JAPAN	
5. Vessel's name, Call Sign and Flag (Cl. 8(c))  M.V. "OCEAN REYNA"			
6. Type of Vessel  MULTI-PURPOSE		7. GRT/RT  5484 / 2135	
8. When/Where built  11/1990 Hakata Shipyard, Japan		9. Total DWT (tbd) in metric tons on summer freeboard  7,033.88	
10. Class (Cl. 9) B.V.		11. Date of last special survey by the Vessel's classification society  17th November 1995	
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 14)  Draft, Loaded 7.495 MTRS. / LOA: 97.95 MTRS. Beam: 18.20 MTRS. 2 Holds / 2 Hatches 453,800.95 / 411,085.31 CBFT Grain / Bale			
13. Port or Place of delivery (Cl. 2)  Safe Berth or anchorage at safe port Singapore / Japan range 'Back to Back' with delivery of the vessel to owners under Memorandum of Agreement 4th December 1997.		14. Time for delivery (Cl. 3)  6-30th January 1998	15. Cancelling date (Cl. 4)  30/1/1998
16. Port or Place of redelivery (Cl. 14)  Safe port, Singapore/Japan range, including China, South Korea, (SAC, VSC, Ceribs, Vsg, Red Sea passing Muscat cutboard, UK/Cont, (Skag-Gibraltar range) full Mediterranean excluding Black Sea, port in Charterers option.		17. Frequency of dry-docking if other than stated in Cl. 9(m)  30 Months (See clause 9 (F))	
18. Trading limits (Cl. 5)  Within institute warranty limits, (Charterers' option to break same, paying extra insurance), excluding Israel, North Korea, Angola, war or war-like zones.		19. Charter hire (Cl. 10)  USD 2,500 per day or pro rata from delivery for first six (6) Years. Rate for years 7 and 8 see clause 29.	
20. Charter period  Eight (8) Years		21. Currency and method of payment (Cl. 10)  N/A	
22. Rate of interest payable acc. to Cl. 10(a) and, if applicable, acc. to PART IV  N/A		23. Currency and method of payment (Cl. 10)  N/A	

BARECON 25™ Standard Bareboat Charter		PART I
1. Place of payment (also state beneficiary and bank account) (Cl. 10)	21. Bank guarantee/bond (sum and place) (Cl. 22) (optional)	
To be advised by Owners	The charterers will pay during February 1998 the amount of USD 129,500 to owners, and to be released back to the charterers in three equal amounts, at the end of the first, second and third year.	
26. Mortgage(s), K amy. (state whether Cl. 11(a) or (b) applies; K 11(b) applies state date of Dated(s) of Covenants and name of Mortgagee(s)/Place of business) (Cl. 11)	27. Insurance (marine and war risks) (state value acc. to Cl. 12(1) or, if applicable, acc. to Cl. 12(2)) (also state if Cl. 12 applies)	
11.8. applies. Copy of Mortgage to be attached. Mortgagess to be advised.	USD	
28. Additional insurance cover, K amy, for Owners' account limited to (Cl. 12(b)) or, if applicable, (Cl. 13(g))	29. Additional insurance cover, K amy, for Charterers' account limited to (Cl. 12(b)) or, if applicable, (Cl. 13(g))	
	USD 1,000,000	
30. Latent defects (only to be filled in K period other than stated in Cl. 2)	31. War cancellation (indicate countries agreed) (Cl. 24)	
	U.S.A., Japan, United Kingdom, France,	
Brokerage commission and to whom payable (Cl. 25)		
5.0 Percent total. 1.25 Percent charterers' address. 1.25 Percent Simpson Spence & Young Shipbrokers Ltd (Both commission deductible from the hire) 2.5 Percent to Ocean TradeS.A. of Panama	32. Number of additional clauses covering special provisions, if agreed	
33. Law and arbitration (state 26.1, 26.2, or 26.3 of Cl. 25 as agreed; if 26.1 agreed, also state place of arbitration) (Cl. 26)	Three (3)	
English Law / Arbitration London	35. Name and place of Builders (only to be filled in if Part III applies)	
36. New-building Vessel (indicate with "yes" or "no" whether Part IV applies) (optional)	37. Vessel's Yard Building No. (only to be filled in if Part IV applies)	
	38. Date of Building Contract (only to be filled in if Part IV applies)	
39. Purchase agreement (indicate with "yes" or "no" whether Part IV applies) (optional)	40. Bareboat Charter Registry (indicate with "yes" or "no" whether Part V applies) (optional)	
41. Flag and Country of the Bareboat Charter Registry (only to be filled in if Part V applies)	42. Country of the Underlying Registry (only to be filled in if Part V applies)	

**PREAMBLE** - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and shall only form part of this Charter if expressly agreed and stated in the Boxes 35, 39 and 40. If PART III and/or PART IV and/or PART V apply, it is further mutually agreed that in the event of a conflict of conditions, the provisions of PART I and PART K shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

1. Owners	Signature (Charterer)
Owners, Pillsburg Navigation S.A. Panama By: <i>B. Zayas/Att'y in-fact</i>	<i>OCEAN REYNA SHIPHOLDING S.A., Panama</i> <i>S. I. MACHINAGUCHI</i>

## "BARECON 89" Standard Bareboat Charter

## PART II

## Bareboat Charter

unused lubricating oils in tanks and unbroken lubricating oils in drums at the last supplied prices supported by vouchers. No payment will be made for bunkers carried on board at the last supplied prices supported by vouchers.

## 1. Definitions

In this Charter, the following terms shall have the meanings hereinafter assigned to them:

"The Owners" shall mean the person or company registered as Owners of the Vessel.

"The Charterers" shall mean the Bareboat charterers and shall not be construed to mean a time charterer or a voyage charterer.

## 2. Delivery (not applicable to newbuilding vessels)

The Vessel shall be delivered to the Charterers at the port or place indicated in Box 13, in such ready berth as the Charterers may direct. The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy and in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be properly documented at time of delivery.

1. The Charterers shall constitute a full performance by the Owners of all the Owners' obligations under Clause 1, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be responsible for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under the Charter, provided such defects have manifested themselves within 18 months after delivery unless otherwise provided in Box 30.

## Back to back with attached Memorandum of Agreement

## 2. Time for Delivery (not applicable to newbuilding vessels)

The Vessel shall be delivered not before the date indicated in Box 16, unless with the Charterers' consent.

Unless otherwise agreed in Box 17, the Owners shall give the Charterers not less than 30 working days' preliminary notice at least 14 days' definite notice of the date on which the Vessel is expected to be ready for delivery.

The Charterers may at the Charterers' discretion advise of possible changes in the Vessel's position.

## 3. As per attached Memorandum of Agreement.

## 4. Cancelling (not applicable to newbuilding vessels)

Should the Vessel not be delivered as stated by the cancelling date indicated in Box 15, the Charterers to have the option of cancelling this Charter without prejudice to any claim the Charterers may otherwise have against the Owners under the Charter.

If it appears that the Vessel will be delayed beyond the cancelling date, the Owners shall, as soon as they are in a position to do so with reasonable certainty the day on which the Vessel will be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixyeight (168) hours of the receipt by the Charterers of such notice. If the Charterers do not then exercise their option of cancelling, the seventh day after the readydate date stated in the Owners' notice shall be regarded as a new cancelling date for the purposes of this Clause.

## 5. As per attached Memorandum of Agreement.

## 5. Trading Limits

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 13.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the instruments of insurance, including any warranties expressed or implied therein, without first obtaining the consent to such employment of the insurers and complying with such requirements as to extra premium or otherwise as the insurers may prescribe. If required, the Charterers shall keep the Owners and the Hongkongers advised of the intended employment of the Vessel.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illegal or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or wastes are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading thereof.

## 6. Appoint a Joint/Independent Surveyor

## Survey (not applicable to newbuilding vessels)

Survey on Delivery and Readiness - The Owners and Charterers shall jointly for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and readiness hereunder. The Owners shall bear all expenses of the On-Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-Survey including loss of time, if any, at the rate of hire per day or pro rata, also including in each case the cost of any docking and undocking, if required, in connection therewith.

## 7. Inspection but without interfering with the vessel's operation

Inspection - The Owners shall have the right at any time to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. Inspection or Survey in dry-dock shall be made only when the Vessel shall be in dry-dock for the Charterers' purpose. However, the Owners shall have the right to require the Vessel to be dry-docked for inspection if the Charterers are not docking her at normal classification intervals. The fees for such inspection or Survey shall in the event of the Vessel being found to be in the condition provided in Clause 9 of this Charter be payable by the Owners and shall be paid by the Charterers only in the event of the Vessel being found to require repairs or maintenance in order to achieve the condition so provided. At time is used in respect of inspection, survey or repairs shall count as time on hire and shall form part of the Charter period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel, for the purpose of this Clause. The Charterers shall keep the Owners advised of the intended employment of the Vessel.

The Owners have the right to place a surveyor or inspecting officer on board the Vessel for the purpose of inspecting and surveying the Vessel and shall be entitled to receive all information regarding the Vessel's condition and performance.

1. L. Inventories and Consumable Oil and Stores	95
2. A complete inventory of the Vessel's entire equipment, outfit, appliances and	96
3. in conjunction with the Owners on delivery and again on readelivery of the	97
4. Vessel. The Charterers and the Owners, respectively, shall at the time of	98
5. delivery and readelivery take over and pay for all	99
6. inventories and consumable oil and stores	100
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## 8. Maintenance and Operation

(a) The Vessel shall during the Charter period be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, except as provided for in Clause 13 (ii), they shall keep the Vessel with unexpired classification of the class indicated in Box 10 and with other required certificates in force at all times. The Charterers to take immediate steps to have the necessary repairs done within a reasonable time failing which the Owners shall have the right of withdrawing the Vessel from the service of the Charterers without notice any protest and without prejudice to any claim the Owners may otherwise have against the Charterers under the Charter.

Unless otherwise agreed, in the event of any improvement, structural changes or expensive new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing more than 5 per cent. of the Vessel's marine insurance value as stated in Box 27, then the extent, if any, to which the rate of hire shall be varied and the rate in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under the Charter, shall in the absence of agreement, be referred to arbitration according to Clause 26.

The Charterers are required to establish and maintain financial security or responsibility in respect of oil or other pollution damage as required by any government, including Federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

TOVALOP SCHEME (Applicable to oil tank vessels only) - The Charterers are required to enter the Vessel under the TOVALOP SCHEME or under any similar compulsory scheme upon delivery under this Charter and to maintain her so during the currency of this Charter.

(b) The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and repair the Vessel whenever required during the Charter period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including any foreign general, municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

(c) During the currency of this Charter, the Vessel shall retain her present name as indicated in Box 5 and shall remain under and by the flag as indicated in Box 5. Provided, however, that the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. Painting and repainting, instalment and re-installation to be for the Charterers' account and time used thereby to count as time on hire.

(d) The Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of the Charter.

(e) The Charterers shall have the use of all outfit, equipment, and appurtenances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on readelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter period replace such items of equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts of equipment be effected such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment at their expense and risk but the Charterers shall remove such equipment at the end of the period if requested by the Owners.

Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(f) The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary.

Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(g) Payment of hire, except for the first and last month's hire, shall be made in cash without discount for any part of a month. Hire to commence until the date and hour when the Vessel is re-delivered by the Charterers to her Owners.

(h) Payment of hire, except for the first and last month's hire, shall be made in cash without discount for any part of a month. Hire to commence until the date and hour when the Vessel is re-delivered by the Charterers to her Owners.

(i) Payment of hire, except for the first and last month's hire, shall be made in cash without discount for any part of a month. Hire to commence until the date and hour when the Vessel is re-delivered by the Charterers to her Owners.

(j) Payment of hire, except for the first and last month's hire, shall be made in cash without discount for any part of a month. Hire to commence until the date and hour when the Vessel is re-delivered by the Charterers to her Owners.

I agree that the Vessel shall be maintained to the on-hire survey standards for winter and year tenanted.

In cargo trade is a departure as to whether the Vessel is in the condition provided in Clause 9, then the opinion of an H.K. Class Surveyor shall be critical.

payment of hire for the first and last month's hire if less than a full month 200  
will be calculated proportionately according to the number of days in the 201  
regular calendar month and advance payment to be effected accordingly. 202  
Should the Vessel be lost or missing, hire to cease from the date and time 203  
on which was lost or last heard of. Any hire paid in advance to be deducted 204  
accordingly. 205

Time shall be of the essence in relation to payment of hire hereunder. In 206  
event of payment beyond a period of seven running days, the Owners shall 207  
have the right to withdraw the Vessel from the service of the Charterers 208  
without notice or protest and without interference by any court or any other 209  
entity whatsoever, and shall, without prejudice to any other claim the 210  
owners may otherwise have against the Charterers under the Charter, be 211  
entitled to damages in respect of all costs and losses incurred as a result of 212  
Charterers' default and the ensuing withdrawal of the Vessel. 213  
Any delay in payment of hire shall entitle the Owners to an interest at the 214  
per annum as agreed in Box 22. If Box 22 has not been filled in the current 215  
rate in the country where the Owners have their Principal Place of 216  
Business shall apply. 217

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26. By their counter-signature on the Deed(s) of Covenant, the Charterers undertake to have acquainted themselves with all terms, 226  
conditions and provisions of the said Deed(s) of Covenant. The Charterers 227  
state that they will comply with all such instructions or directions in 228  
relation to the employment, insurances, repairs and maintenance of the 229  
Vessel as are set down in the Deed(s) of Covenant or as may be directed 230  
from time to time during the currency of the Charter by the Mortgagee(s) in 231  
accordance with the Deed(s) of Covenant. 232

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## "SARECON 89" Standard Bareboat Charter

16. Wreck Removal	405	24. War	400
In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.	406	(a) The Vessel unless the consent of the Owners be first obtained not to be ordered nor continue to any place or on any voyage nor be used on any service which will bring her within a zone which is dangerous as the result of any actual or threatened act of war, war, hostilities, warlike operations, acts of piracy or of hostility or malicious damage against this or any other vessel or its cargo by any person, body or State whatsoever, revolution, civil war, civil commotion or the operation of international law, nor be exposed in any way to any risks or penalties whatsoever consequent upon the imposition of Sanctions, nor carry any goods that may in any way expose her to any risks of seizure, capture, penalties or any other interference of any kind whatsoever by the belligerent or fighting powers or parties or by any Government or Ruler.	401
17. General Average	410	(b) The Vessel to have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stops, destination, delivery or in any other wise whatsoever given by the Government of the nation under whose flag the Vessel sails or any other Government or any person (or body) acting or purporting to act with the authority of such Government or by any committee or person having under the terms of the war risks insurance on the Vessel the right to give any such orders or directions.	402
General Average, if any, shall be adjusted according to the York-Antwerp Rules 1974 or any subsequent modification thereof current at the time of the casualty.	411	(c) In the event of outbreak of war (whether there be a declaration of war or not) between any two or more of the countries as stated in Box 31, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 14, if she has cargo on board after discharge thereof at destination, or if discharged under this Clause from reaching or entering it at a near open and safe port as directed by the Owners, or if she has no cargo on board, at the port at which she then is or if at sea at a near open and safe port as directed by the Owners. In all cases hire shall continue to be paid in accordance with Clause 10 and except as aforesaid all other provisions of this Charter shall apply until redelivery.	403
The Charterers not to contribute to General Average.	412	Directly affecting performance of this Charter Party	404
18. Assignment and Sub-Demise	415	25. Commission	400
The Charterers shall not assign this Charter nor sub-demise the Vessel except with the prior consent in writing of the Owners which shall not be unreasonably withheld and subject to such terms and conditions as the Owners shall approve.	416	The Owners to pay a commission at the rate indicated in Box 32 to the Brokers named in Box 32 on any Hire paid under the Charter but in no case less than necessary to cover the actual expenses of the Brokers and a reasonable fee for their work if the full Hire is not paid owing to breach of Charter by either of the parties the party liable thereto to indemnify the Brokers against their loss of commission.	401
19. Bills of Lading	420	Should the parties agree to cancel the Charter, the Owners to indemnify the Brokers against any loss of commission but in such case the commission not to exceed the brokerage on one year's Hire.	402
The Charterers to procure that all Bills of Lading issued for carriage of goods under this Charter shall contain a Paramount Clause incorporating any legislation relating to Carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the Bills of Lading shall incorporate the British Carriage of Goods by Sea Act. The Bills of Lading shall also contain the amended New Jason Clause and the Both-to-Blame Collision Clause.	421	26. Law and Arbitration	500
The Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.	422	26.1. This Charter shall be governed by English law and any dispute arising out of this Charter shall be referred to arbitration in London, one arbitrator being appointed by each party, in accordance with the Arbitration Acts 1950 and 1973 or any statutory modification or re-enactment thereof for the time being in force. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single Arbitrator appointed shall apply. If two Arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.	501
20. Bank Guarantee	430	26.2. Any dispute arising out of this Charter shall be referred to arbitration at the place indicated in Part 13, subject to the law and procedures applicable there.	502
The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 25 as guarantee for full performance of their obligations under this Charter.	431	26.3. If Part 13 in Part I is not filled in, sub-clause 26.1. of this Clause shall apply.	503
<i>(Optional, only to apply if Box 25 filled in.)</i>	432	26.4. If Part 13 in Part I is not filled in, sub-clause 26.1. of this Clause shall apply.	504
21. Requisition/Acquisition	435	26.5. The arbitration shall be members of the Society of Maritime Arbitrators, Inc. of New York and the proceedings shall be conducted in accordance with the rules of the Society.	505
(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the remainder of the Charter period or the period of the "Requisition for Hire" whichever be the shorter.	436	26.6. The arbitration shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision in that of any two of them shall be final, and for purpose of enforcing any award, this agreement may be made a rule of the Court.	506
The Hire under this Charter shall be payable to the Owners from the same time as the Requisition Hire is payable to the Charterers.	450	26.7. The arbitration shall be members of the Society of Maritime Arbitrators, Inc. of New York and the proceedings shall be conducted in accordance with the rules of the Society.	507
(b) In the event of the Owners being deprived of their ownership in the Vessel by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date of such event or such "Compulsory Acquisition".	451	26.8. Any dispute arising out of this Charter shall be referred to arbitration at the place indicated in Part 13, subject to the law and procedures applicable there.	508
22. Additional Clauses:	455	26.9. If Part 13 in Part I is not filled in, sub-clause 26.1. of this Clause shall apply.	509
27. The Charterers to report monthly to the Owners, giving a list of any outstanding operational payments owing in relation to the vessel. Such outstandings are not to exceed U.S.D. 100,000 (One Hundred Thousand Dollars) at any time, except in the case of drydocking or major repairs, when Charterers are entitled to take advantage of yard's standard payment terms (in such a case a copy of the yard's invoice will be forwarded to the Owners).	456	26.10. The arbitration shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision in that of any two of them shall be final, and for purpose of enforcing any award, this agreement may be made a rule of the Court.	510
28. Drawings to be effected by Marconav Lines or other reputable Drawing Agency in Charterers' option.	457	26.11. The arbitration shall be members of the Society of Maritime Arbitrators, Inc. of New York and the proceedings shall be conducted in accordance with the rules of the Society.	511
29. The Bareboat rate for the 7th & 8th years is to be fixed annually (about 2 months prior to commencement of the period) and is to be based upon the gross time Charter rate reported between I.P.L. and the time Charterers F.O.B. with full disclosure provided by I.P.L. The bareboat rate will be the difference between such time Charter rate and cost of U.S.D. 2,300 daily, with minimum rate \$2,150 per day & maximum \$2,350 per day.	458	26.12. The arbitration shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision in that of any two of them shall be final, and for purpose of enforcing any award, this agreement may be made a rule of the Court.	512
30. 11. Mortgage	459	26.13. Any dispute arising out of this Charter shall be referred to arbitration at the place indicated in Part 13, subject to the law and procedures applicable there.	513
(b) The vessel chartered under this charter is to be financed by a mortgage as stated in Box 15. The Charterers undertake to sign a Tripartite Agreement of even date with this charter, made between themselves, the Owners and the mortgagee, and by such signature to assume themselves with all terms, conditions and covenants of the said Tripartite Agreement. The Charterers undertake that they will comply with all requirements or directions in respect to the said agreement, execution, payment and enforcement of the same, in joint and several liability with the Owners.	460	26.14. If Part 13 in Part I is not filled in, sub-clause 26.1. of this Clause shall apply.	514

## "BARECON 89" Standard Bareboat Charter

OPTIONAL PART

PART III  
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY

(Optional, only to apply if expressly agreed and stated in Box 35)

## Specifications and Building Contract

The Vessel shall be constructed in accordance with the Building Contract (hereinafter called "The Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications I plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers. No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Owners' consent.

The Charterers shall have the right to send their representative to the Builders' to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.

The Vessel shall be built in accordance with the Building Contract and shall be so described set out therein provided nevertheless that the Charterers shall bound to accept the Vessel from the Owners on the date of delivery by the Builders as having been completed and constructed in accordance with the Building Contract and the Charterers undertake that after having so accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects if any except that in respect of any repair or replacement of any defects which appear within the first 12 months from delivery the Owners shall use their best endeavours to recover any expenditure incurred in remedying such defects from the Builders, but shall only be liable to the Charterers to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof is supplied to the Charterers) provided that the Charterers shall be bound to pay such sums as the Owners are able to recover under this clause and shall not claim upon the Owners for any difference between the amounts so agreed and the actual expenditure incurred on repairs or replacements or for any time incurred thereby.

## Date of Delivery

On the Vessel having completed her acceptance trials including trials re-commissioning in accordance with the Building Contract and specifications and to the satisfaction of the Charterers, the Owners shall give and the Charterers shall receive the Vessel afloat when ready for delivery at the Builders' Yard or other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Owners have estimated that the Vessel will be ready for delivery to the Owners as provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion is whether that be before or after as indicated in the Building Contract. Notwithstanding the foregoing, the Charterers shall not be obliged to take delivery of the Vessel until she has been classed and documented as provided in this Charter and free for transfer to the flag she has to fly. Subject as aforesaid the Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and and after such acceptance the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties.

1. warrantee, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery or otherwise howsoever. 46
2. (b) if for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect. 50
3. (c) if for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon: 51
4. If the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or 52
5. If the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers; 53
6. (iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders; 54
7. If this Charter terminates under sub-clause (b) or (c) of this Clause, the Charterers shall thereafter no longer be liable to the Charterers for any claim under or arising out of this Charter or its termination. 55
8. Guarantee Works 56
9. If not otherwise agreed, the Owners authorize the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request. 57
10. Name of Vessel 58
11. The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be painted in the colours, display the funnel 59
12. flags and fly the house flag as required by the Charterers. 60
13. Survey on Redelivery 61
14. The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery. 62
15. Without prejudice to Clause 14 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. 63
16. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata. 64

## PART IV

## HIRE/PURCHASE AGREEMENT

(Optional, only to apply if expressly agreed and stated in Box 39)

Execution of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, payment of the last month's hire instalment as per Clause 10 the Charterers shall have the Vessel with everything belonging to her and the Vessel is fully

equipped and the instalment due is delayed for less than 7 running days or for beyond the Charterers' control, the right of withdrawal under the terms of Part II shall not be exercised. However, any delay in payment of the hire shall entitle the Owners to an interest at the rate per annum as per Box 22 has not been filled in the current market rate in the place where the Owners have their Principal Place of Business shall apply.

In this paragraph the Owners are referred to as the Sellers and the Charterers as the Buyers.

The Vessel shall be delivered by the Sellers and taken over by the Buyers on the date of delivery.

The Charterers shall guarantee that the Vessel, at the time of delivery, is free from all liens and maritime liens or any debts whatsoever other than those for anything done or not done by the Buyers or any existing mortgage which is to be paid off by the time of delivery. Should any claims, which have accrued prior to the time of delivery be made against the Vessel, the Sellers shall undertake to indemnify the Buyers against all consequences of such claims, if it can be proved that the Sellers are responsible for such claims, notarial, consular and other charges and expenses connected

1. with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account. 24
2. In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers. 25
3. The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession. 26
4. The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment. 27
5. The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description. 28
6. The Buyers undertake to pay for the repatriation of the Captain, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 2 (Part II) or to pay the equivalent cost for their journey to any other place. 29

## PART V

## PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY

(Optional, only to apply if expressly agreed and stated in Box 40)

For the purposes of this PART V, the following terms shall have the meanings given to them:

"Bareboat Registry" shall mean the Registry of the State whose laws apply and in which the Charterers are registered as the bareboat during the period of the Bareboat Charter.

"Flag Registry" shall mean the Registry of the State in which the Owners are registered as Owners and to whom jurisdiction and control of the Vessel upon termination of the Bareboat Charter Registration.

1. Termination of Charter by default 13
2. If the Vessel registered under this Charter is registered in a Bareboat Charter Registry as stated in Box 41, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 26, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Undeleting Registry as shown in Box 42. 14
3. In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 41, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter. 15
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The Vessel under this Charter is financed by a mortgage and the Clause 11 (b) (Part II) shall apply.

<p style="text-align: center;">THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO) STANDARD BAREBOAT CHARTER CODE NAME: "BARECON 89"</p>	
PART I	
<p>1. Shipowner Simpson Spence &amp; Young Shipbrokers Ltd, London</p>	<p>2. Place and date London 18/12/97</p>
<p>3. Owner's/Place of business Sterling Navigation S.A. of Panama c/o Ocean Trade S.A. of Panama Oaega Building 80 Kifissias Ave, Gr-151 25 Amarousion, GREECE</p>	<p>4. Bareboat charterers (Charterers)/Place of business IPL Shipholding S.A., of Panama c/o Interpacific Lines Co. Ltd 6th Floor, Toranomon, 33 Mori Building 3-8-21, Toranomon, Minato-Ku Tokyo JAPAN</p>
<p>5. Vessel's name, Call Sign and Flag (Cl. 9(c)) "OCEAN LEO"</p>	
<p>6. Type of Vessel MULTI-PURPOSE RO/RO</p>	<p>7. GRT/HT 7642 / 2843</p>
<p>8. When/Where built 9/ 1989 - Shin Kurushima Dock of Japan</p>	<p>9. Total DWT (abc) in metric tons on summer freeboard 8,212</p>
<p>10. Class (Cl. 9) NK.</p>	<p>11. Date of last special survey by the Vessel's classification society 5/1994</p>
<p>12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 14) 115.02 M LOA / 19.20 HTR Beam / 2 Holds / 2 Hatches 645,597.75 / 605,876.50 CBFT Grain Bales.</p>	
<p>13. Port or Place of delivery (Cl. 2) Safe Berth or anchorage at safe port Singapore / Japan range 'Back to Back' with delivery of the vessel to owners under the Memorandum of Agreement 4th December 1997.</p>	<p>14. Time for delivery (Cl. 3)</p>
	<p>15. Cancelling date (Cl. 4)</p>
	<p>16. Port or Place of re-delivery (Cl. 14) Safe port, Singapore/Japan range, including China, South Korea, USEC, VSMC, Garibs, VSG, Red Sea passing Muscat outbound, UK/cont, (Skaw-Gibraltar range) full Mediterranean excluding Black Sea, port in Charterers option</p>
<p>17. Running days' notice if other than stated in Cl. 3 N/A</p>	<p>18. Frequency of dry-docking if other than stated in Cl. 9(d) 30 Months (See Clause 9 (F))</p>
<p>19. Trading limits (Cl. 5) Within Institute warranty limits, (charterers' option to break same, paying extra insurance), excluding Israel, North Korea, Angola, war or war-like zones</p>	
<p>20. Charter period Eight (8) Years, Charterers option declarable 4 months in advance to extend for a further 2 years in direct continuation.</p>	<p>21. Charter hire (Cl. 10) USD 3,700 per day or pro-rata from delivery for first (8) years. Rate for years 9 + 10 see clause 29.</p>
<p>22. Rate of interest payable acc. to Cl. 10(f) and, if applicable, acc. to PART IV N/A</p>	<p>23. Currency and method of payment (Cl. 10) N/A</p>

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**PART I**

24. Place of payment; also state beneficiary and bank account (Cl. 10) ---		25. Bank guarantee/bond (sum and place) (Cl. 22) (optional)
To be advised by Owners		The charterers will pay during February 1998 the account of USD 129,500 to owners, and to be released back to the charterers in three equal amounts, at the end of the first, second and third year.
26. Mortgage(s), if any, (state whether Cl. 11(4) or (5) applies; if 11(5) applies state date of Deed(s) of Covenant and name of Mortgagee(s)/Place of business) (Cl. 11) (optional) <i>11.5. applies, Copy of Mortgage to be attached.</i> Mortgagors to be advised.		27. Insurance (marine and war risks) (state value acc. to Cl. 12(1) or, if applicable, acc. to Cl. 12(4) (also state if Cl. 13 applies)) USD
28. Additional insurance cover, if any, for Owners' account limited to (Cl. 12(2)) or, if applicable, (Cl. 13(2))		29. Additional insurance cover, if any, for Charterers' account limited to (Cl. 12(2)) or, if applicable, (Cl. 13(2)) USD 1,000,000
30. Letters defects (only to be filled in if period other than stated in Cl. 2)		31. War cancellation (indicate countries agreed) (Cl. 24) U.S.A., Japan, United Kingdom, France.
32. Brokerage commission and to whom payable (Cl. 25)		
5.0 Percent total. 1.25 Percent charterers' address. 1.25 Percent Simpson Spence & Young Shipbrokers Ltd (Both commission deductible from the hire) 2.5 Percent to Ocean TradeS.A. of Panama		
33. Law and arbitration (state 26.1, 26.2 or 26.3 as agreed; if 26.1 agreed, also state place of arbitration) (Cl. 26) English Law / Arbitration London		34. Number of additional clauses covering special provisions, if agreed Three (3)
35. Newbuilding Vessel (indicate with "yes" or "no" whether Part III applies) (optional)		36. Name and place of Builders (only to be filled in if Part III applies)
37. Vessel's Yard Building No. (only to be filled in if Part III applies)		38. Date of Building Contract (only to be filled in if Part III applies)
39. Sale Purchase agreement (indicate with "yes" or "no" whether Part IV applies) (optional)		40. Bareboat Charter Registry (indicate with "yes" or "no" whether Part V applies) (optional)
41. Flag and Country of the Bareboat Charter Registry (only to be filled in if Part V applies)		42. Country of the Underlying Registry (only to be filled in if Part V applies)

**PREAMBLE** - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and shall only form part of this Charter if expressly agreed and stated in the Boxes 25, 39 and 40. If PART II and/or PART IV and/or PART V apply, it is further mutually agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Owners, Sterling Navigation S.A. of Panama  
67 3200/44185-14-44

Signature (Characteristics)

IPL S A PHOLDING S-A.; of Panama

SHDICH NAGUCHI

PART II  
"BARECON 89" Standard Bareboat Charter

unused lubricating oils in tanks and unbracketed lubricating oil in drums at the last supplied prices supported by vouchers. Payment will be made for bunkers, stores and consumables on board at the last supplied prices supported by vouchers.

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them:

The Owner shall mean the person or company registered as Owners of the Vessel.

The Charterers shall mean the Bareboat charterers, and shall not be construed to mean a time charter or a voyage charterer.

**2. Delivery (not applicable to newbuilding vessels)**

The delivery shall be delivered and undertaken by the Charterers at the place indicated in Box 12, in such ready berths as the Charterers may select. The Owners shall be at and at the time of delivery exercise due diligence to make the Vessel seaworthy and in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be properly documented at time of delivery. The delivery to the Charterers of the Vessel and the taking over of the Vessel by the Charterers shall constitute a lack of performance by the Owners of all the Owners' obligations under Clause 1, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any condition, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be responsible for repairs or renewals occasioned by defects in the Vessel, her machinery or appurtenances, occurring within the time of delivery under the Charter, provided such defects have manifested themselves within 18 months after delivery unless otherwise indicated in Box 22.

**Back to back with attached Memorandum of Agreement**

**2. Time for Delivery (not applicable to newbuilding vessels)**

Proposed to be delivered not before the date indicated in Box 11, subject to the Charterers' consent.

Unless otherwise agreed in Box 17, the Owners, giving the Charterers no less than 30 running days' preliminary notice (not less than 14 days' definite notice of the date on which the Vessel is expected to be ready for delivery).

The Owners shall keep the Charterers closely advised of possible changes in the Memorandum.

AS per attached Memorandum of Agreement.

**4. Cancelling (not applicable to newbuilding vessels)**

Should the Vessel not be delivered by the cancelling date indicated in Box 15, the Charterers to have the option of cancelling this Charter, without prejudice to any claim the Charterers may otherwise have against Owners under the Charter.

If it appears that the Vessel will be delayed beyond the cancelling date, the Owners shall, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers adding whether they will exercise their option of cancelling, and the option must be declared within one hundred and fifty-eight (158) hours of the receipt by the Charterers of such notice. If the Charterers do not then exercise their option of cancelling, the seventh day after the receipt date stated in the Owners' notice shall be regarded as a new cancelling date for the purpose of this Charter.

AS per attached Memorandum of Agreement.

**5. Trading Limits**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 19.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the instruments of insurance providing any warranties expressed or implied therein without first obtaining the consent to such employment of the insurers and complying with such requirements as to extra premium or otherwise as the insurers may prescribe. If required, the Charterers shall keep the Owners and the Managing Agent advised of the intended employment of the Vessel.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying black or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading thereof.

appoint a joint/independent surveyor

**Survey (not applicable to newbuilding vessels)**

Surveyor or Doctor and Arbitrators - The Owners and Charterers shall each appoint one person for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses of the On-Survey including loss of time, lorry, air, and the Charterers shall bear all expenses of the Off-Survey including loss of time, lorry, air, at the rate of hire per day or pro rata, also including in each case the cost of any docking and undocking, if required, in connection therewith.

**7. Inspection (not applicable to newbuilding vessels)**

Inspection - The Owners shall have the right at any time to inspect or survey the Vessel or instruct a duly authorized surveyor to carry out such survey on their behalf, to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. Inspection or survey in dry-dock shall be made only when the Vessel shall be in dry-dock for the Charterers' purpose. However, the Owners shall have the right to instruct the Vessel to be dry-docked for inspection if the Charterers are not docking her at normal classification intervals. The fees for such inspection or survey shall in the event of the Vessel being found to be in the condition provided in Clause 8 of this Charter be payable by the Owners and shall be paid by the Charterers only in the event of the Vessel being found to require repairs or maintenance in order to achieve the condition so provided. All time taken in respect of inspection, survey or repairs shall count as time on hire and shall form part of the Charter period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel. For the purpose of this Clause, the Charterers shall keep the Owners advised of the intended employment of the Vessel.

The Owners shall have the right to inspect the Vessel's log books holding an inspector at all times onboard with full access to the

Inventory and Consumables On and Stores

A complete inventory of the Vessel's entire equipment, outfit, appurtenances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on re-delivery, of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and re-delivery take over and pay for all

the difference of the last supplied prices supported by vouchers.

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## 1. Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

## 405 24. War

(a) The Vessel unless the consent of the Owners be first obtained not to be ordered nor continued to any place or on any voyage nor be used on any service which will bring her within a zone which is dangerous as the result of any actual or threatened act of war, war, hostilities, warlike operations, act of piracy or of hostility or malicious damage against this or any other vessel or its cargo by any person, body or State whatsoever, revolution, civil war, civil commotion or the operation of International law, nor be exposed in any way to any risks or penalties whatsoever consequent upon the imposition of Sanctions, nor carry any goods that may in any way expose her to any risks of seizure, capture, penalties or any other interference of any kind whatsoever by the belligerent or belligerent powers or parties or by any Government or Power.

(b) The Vessel to have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stoppages, destination, delivery or in any other wise whatsoever given by the Government of the nation under whose flag the Vessel sails or any other Government or any person (or body) acting or purporting to act with the authority of such Government or by any committee or person having under the terms of the war risks insurance on the Vessel the right to give any such orders or directions.

(c) In the event of outbreak of war (whether there be a declaration of war or not) between any two or more of the countries as stated in Box 31, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 14, if she has cargo on board after discharge thereof at destination, or if debarraged under this Clause from reaching or entering it at a near open and safe port as directed by the Owners, or if she has no cargo on board, at the port at which she then is or if at sea at a near open and safe port as directed by the Owners. In all cases hire shall continue to be paid in accordance with Clause 10 and except as aforesaid all other provisions of this Charter shall apply until redelivery.

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## 2. General Average

General Average, if any, shall be ascertained according to the York-Antwerp Rules 1974 or any subsequent modification thereof current at the time of the casualty.

The Charterers not to contribute to General Average.

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## 3. Assignment and Sub-Demise

The Charterers shall not assign this Charter nor sub-demise the Vessel except with the prior consent in writing of the Owners which shall not be unreasonably withheld and subject to such terms and conditions as the Owners shall approve.

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## 4. Sale of Lading

The Charterers are to procure that all Bills of Lading issued for carriage of goods under this Charter shall contain a Paramount Clause incorporating any legislation relating to Carrier's liability for cargo, compulsorily applicable in the trade; if no such legislation exists, the Bills of Lading shall incorporate the British Carriage of Goods by Sea Act. The Bills of Lading shall also contain the amended New Jason Clause and the Both-in-Blame Collision Clause. The Charterers agree to indemnify the Owners against all consequences of liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

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## 5. Guarantee

Charterers undertake to furnish, before delivery of the Vessel, a first class guarantee or bond in the sum and at the place as indicated in Box 25 as guarantee for full performance of their obligations under this Charter.

(National only to apply if Box 25 filled in).

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## 6. Requisition/Acquisition

(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or not remain in force for the remainder of the Charter period, this Charter shall not be deemed thereby or thereto to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the remainder of the Charter period or the period of the "Requisition for Hire" whichever be the shorter.

The hire under this Charter shall be payable to the Owners from the same time as the Requisition hire is payable to the Charterers.

(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for hire by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter hire to be considered as earned and to be paid up to the date of such "Compulsory Acquisition".

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26. Law and Arbitration

26.1. This Charter shall be governed by English law and any dispute arising out of the Charter shall be referred to arbitration in London, one arbitrator being appointed by each party, in accordance with the Arbitration Acts 1952 and 1979 or any statutory modification or re-enactment thereof for the time being in force. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint the arbitrator within fourteen days, failing which the decision of the single Arbitrator appointed shall apply. If two Arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.

26.2. The arbitration committee of this Charter, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision in that of any two of them shall be final, and for purpose of enforcing any award, this agreement may be made a rule of the Court.

The arbitrators shall be members of the Society of Maritime Arbitrators, Inc. of New York and the proceedings shall be conducted in accordance with the rules of the Society.

26.3. Any dispute arising out of this Charter shall be referred to arbitration at the place indicated in Box 31, subject to the law and procedures applicable there.

26.4. If Box 31 in Part I is not filled in, sub-clause 26.1. of this Clause shall apply.

7. Additional Clauses:

27. The Charterers to report monthly to the Owners, giving a list of any outstanding operational payments owing in relation to the vessel. Such outstandings are not to exceed U.S. \$100,000 (One Hundred Thousand Dollars) at any time, except in the case of drydocking or major repairs, when Charterers are entitled to take advantage of yard's standard payment terms (in such a case a copy of the yard's invoice will be forwarded to the Owners).
28. Crewing to be effected by Magsaysay Lines or other reputable Crewing Agency in Charterers' option.
29. The Charterers have the option, declarable latest 4 months in advance, to extend for a further 2 years in direct continuation, one month more or less in Charterers' option. For the optional period minimum US\$ 3,400 maximum US\$ 3,900 daily. The rate for each year of the optional period is to be based on the gross time charter rate negotiated between IPL and the time charterers, ECI, with full disclosure provided by IPL. The B8 rate will be the difference between such time charter rate and operating costs of US\$ 2,400 daily. For example, if for the 9th year at time charter rate of US\$ 6,000 daily is agreed, then the B8 rate shall be US\$ 3,600 daily. (This is always subject to the minimum/maximum figures above)

11. Mortgage

- (b) The vessel chartered under this charter is to be financed by a mortgage as stated in Box 26.

The Charterers undertake to sign a Tripartite Agreement of even date with this charter, made between themselves, the Owners and the mortgagee, and by such signature to acquaint themselves with all terms, conditions and provisions of the said Tripartite Agreement. The Charterers undertake that they will comply with all instructions or directions in regard to the employment, insurances, repairs and maintenance of the vessel etc., as laid down in the Tripartite Agreement or as may be directed from time to time during the currency of the

## "BARECON 89" Standard Bareboat Charter

OPTIONAL PART

15

PART III  
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLYOptional, only to apply if expressly agreed and stated in Box 35)

## Scissions and Building Contract

1 A Vessel shall be constructed in accordance with the Building Contract  
2 other called "the Building Contract" as annexed to this Charter, made  
3 between the Builders and the Owners and in accordance with the specifications  
4 and annexes thereto, such Building Contract, specifications and plans  
5 have been counter-signed as approved by the Charterers.

6 Change shall be made in the Building Contract or in the specifications of  
7 the Vessel as approved by the Charterers as aforesaid, without the  
8 owners' consent.

9 Charterers shall have the right to send their representative to the Builders' 48  
10 to inspect the Vessel during the course of her construction to satisfy 49  
11 others that construction is in accordance with such approved specifications 50  
12 and as referred to under sub-clause (a) of this Clause.

13 A Vessel shall be built in accordance with the Building Contract and shall be 51  
14 description set out therein provided nevertheless that the Charterers shall 52  
15 and to accept the Vessel from the Owners on the date of delivery by the 53  
16 as having been completed and constructed in accordance with the 54  
17 Building Contract and the Charterers undertake that after having so accepted the 55  
18 they will not thereafter raise any claims against the Owners in respect of 56  
19 the performance or specification or defects in any except that in respect 57  
20 of repair or replacement of any defects which appear within the first 12 58  
21 months of delivery the Owners shall use their best endeavours to recover any 59  
22 damage incurred in rectifying such defects from the Builders, but shall only 60  
23 be entitled to the extent the Owners have a valid claim against the 61  
24 Builders under the guarantee clause of the Building Contract (a copy whereof has 62  
25 been furnished to the Charterers) provided that the Charterers shall be bound to 63  
26 the same as the Owners are able to recover under this clause and shall 64  
27 not be liable upon the Owners for any difference between the amounts so 65  
28 paid and the actual expenditure incurred on repairs or replacements or for 66  
29 any sums incurred thereby.

## The Place of Delivery

30 Spec to the Vessel having completed her acceptance trials including trials 73  
31 of equipment in accordance with the Building Contract and specifications 74  
32 of satisfaction of the Charterers, the Owners shall give and the Charterers 75  
33 shall accept the Vessel afloat when ready for delivery at the Builders' Yard 76  
34 or other safe and readily accessible dock, wharf or place as may be agreed 77  
35 in the parties hereto and the Builders. Under the Building Contract the 78  
36 Charterers shall have estimated that the Vessel will be ready for delivery to the Owners as 79  
37 provided but the delivery date for the purpose of this Charter shall be the 80  
38 when the Vessel is in fact ready for delivery by the Builders after completion 81  
39 of whether that be before or after as indicated in the Building Contract 82  
40 standing the foregoing, the Charterers shall not be obliged to take delivery 83  
41 of the Vessel until she has been classed and documented as provided in this 84  
42 and free for transfer to the flag she has to fly. Subject as aforesaid the 85  
43 Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and 86  
44 after such acceptance the Charterers shall not be entitled to make any 87  
45 against the Owners in respect of any conditions, representations or 88  
46 for damages incurred thereby.

PART IV  
HIRE/PURCHASE AGREEMENTOptional, only to apply if expressly agreed and stated in Box 39)

47 On of this Charter and provided the Charterers have fulfilled their 24  
48 obligations to Part I and II as well as Part III, if applicable, it is agreed, 25  
49 that the last month's hire instalment as per Clause 10 the Charterers 26  
50 shall be paid to the Owners with everything belonging to her and the Vessel is fully 27

51 ready for delivery. The Charterers shall have the right of withdrawal under the terms of 28  
52 the Charterers' contract, the right of withdrawal under the terms of 29  
53 Part II shall not be exercised. However, any delay in payment of the 30

54 hire shall entitle the Owners to an interest at the rate per annum as 31  
55 in Box 22. If Box 22 has not been filled in the current market rate in the 32  
56 where the Owners have their Principal Place of Business shall apply.

57 In the paragraphs the Owners are referred to as the Sellers and the 33  
58 as the Buyers.

59 shall be delivered by the Sellers and taken over by the Buyers on 34  
60 of the Charter.

61 Sellers guarantee that the Vessel, at the time of delivery, is free from all 35  
62 liens and maritime liens or any debt whatsoever other than those 36  
63 for anything done or not done by the Buyers or any existing mortgage 37  
64 not to be paid off by the time of delivery. Should any claims, which have 38  
65 accrued prior to the time of delivery be made against the Vessel, the Sellers 39  
66 undertake to indemnify the Buyers against all consequences of such 40  
67 as the extent it can be proved that the Sellers are responsible for such 41  
68 debts, maritime, consular and other charges and expenses connected 42  
69 with the purchase and registration under Buyers' flag, shall be for Buyers' 43  
70 account. Any taxes, consular and other charges and expenses connected with 44  
71 closing of the Sellers' register, shall be for Sellers' account.

72 In exchange for payment of the last month's hire instalment the Sellers shall 45  
73 furnish the Buyers with a Bill of Sale duly attested and legalized, together with a 46  
74 certificate setting out the registered encumbrances, if any. On delivery of the 47  
75 Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register 48  
76 and deliver a certificate of deletion to the Buyers.

77 The Sellers shall, at the time of delivery, hand to the Buyers all classification 49  
78 certificates (for hull, engines, anchors, chains, etc.), as well as all plans which 50  
79 may be in Sellers' possession.

80 The Wireless Installation and Nautical Instruments, unless on hire, shall be 51  
81 included in the sale without any extra payment.

82 The Vessel with everything belonging to her shall be at Sellers' risk and expense 52  
83 until she is delivered to the Buyers, subject to the conditions of this Contract and 53  
84 the Vessel with everything belonging to her shall be delivered and taken over as 54  
85 she is at the time of delivery, after which the Sellers shall have no responsibility for 55  
86 possible faults or deficiencies of any description.

87 The Buyers undertake to pay for the repatriation of the Captain, officers and other 56  
88 personnel if appointed by the Sellers to the port where the Vessel entered the 57  
89 Bareboat Charter as per Clause 2 (Part II) or to pay the equivalent cost for their 58  
90 journey to any other place.

PART V  
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRYOptional, only to apply if expressly agreed and stated in Box 40)

91 In case of this PART V, the following terms shall have the meanings 92  
93 attached to them:

94 "Charter Registry" shall mean the registry of the State whose flag 95  
96 is flying, and in which the Charterers are registered as the bareboat 97  
98 chartering the period of the Bareboat Charter.

99 "the Owners" shall mean the registry of the State in which the Owners 100  
101 are registered as Owners and to which jurisdiction and control of the 102  
103 event upon termination of the Bareboat Charter Registration.

104 The Charterers shall be entitled to terminate this Charter by giving notice 105  
105 to the Owners in writing, if the Vessel registered under this Charter is registered in a Bareboat Charter 106  
106 Registry as stated in Box 41, and if the Owners shall default in the payment of any 107  
107 amounts due under the mortgage(s) specified in Box 26, the Charterers shall, if so 108  
108 required by the mortgagee, direct the Owners to re-register the Vessel in the 109  
109 Underlying Registry as shown in Box 42.

110 In the event of the Vessel being deleted from the Bareboat Charter Registry as 111 stated in Box 41, due to a default by the Owners in the payment of any amounts due 112  
113 under the mortgage(s), the Charterers shall have the right to terminate this 114  
114 Charter forthwith and without prejudice to any other claim they may have against 115  
115 the Owners under this Charter.

116 Chartered under this Charter is financed by a mortgage and the 117

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<b>SIMPSON, SPENCE &amp; YOUNG SHIPBROKERS LTD</b> <b>LONDON</b>		<b>STANDARD BAREBOAT CHARTER</b> <b>CODE NAME: "BARECON 89"</b> <b>2. Place and date</b> <b>-London, 14th April 1997</b>	
<b>3. Owners/Place of business</b>  <b>c/o Panaport Shipping S. A. Panama</b> <b>Drytank S. A.</b> <b>13 Skouze Street</b> <b>Piraeus 185 35</b> <b>Greece</b>		<b>4. Bareboat charterers (Charters)/Place of business</b>  <b>Ocean Cool Shipholding S.A. of Panama</b> <b>c/o INTERPACIFIC LINES CO., LTD.</b> <b>6th Floor, Toranomon 33 Mori Building,</b> <b>3-8-21, Toranomon, Minato-Ku</b> <b>Tokyo</b> <b>Japan</b>	
<b>5. Vessel's name, Call Sign and Flag (Cl. 9(a))</b>  <b>M.V. "KOWHAI"</b>		<b>7. GRT/NRT</b> <b>6,545 / 3,204</b>	
<b>8. When/Where built</b>  <b>April 1989, Takamatsu City, Kagawa Pref.</b> <b>Japan</b>		<b>9. Total DWT (abt) in metric tons on summer freeboard</b>  <b>7,168 HT</b>	
<b>10. Class (Cl. 9)</b>  <b>Nippon Kaiji Kyokai, NS*, MNS</b> <b>PC-25 (Deg C)</b>		<b>11. Date of last special survey by the Vessel's classification society</b>  <b>May 1994</b>	
<b>12. Further particulars of Vessel (Also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 14)</b>  <b>Draft, Loaded: 7.16 metres / LOA: 346.02 metres / Beam: 18.50 metres</b> <b>4 Holds/4 Hatches</b> <b>333,081 Cbft Bale</b>			
<b>13. Port or Place of delivery (Cl. 2)</b>  <b>Safe port in the Far East upon completion of the New Zealand round voyage commencing at South Korea, expected to be Manila/Philippines around end May/early June 'back to back' with delivery of the vessel to Owners, under Memorandum of Agreement, dated 14th April 1997.</b>		<b>14. Time for delivery (Cl. 3)</b>  <b>1st May-15th June 1997</b>	<b>15. Cancelling date (Cl. 4)</b>  <b>15th June 1997</b>
<b>16. Port or Place of redelivery (Cl. 14)</b>  <b>Safe port, Singapore/Japan, including China and South Korea, USEC, USMC, Caribs, USG, Red Sea (passing Muscat outbound, UK/Cont, (Skaw/Gibraltar range), full Mediterranean excluding Black Sea. Port in Charterers' option.</b>			
<b>17. Running days' notice if other than stated in Cl. 8</b>  <b>N/A</b>		<b>18. Frequency of dry-docking if other than stated in Cl. 9(h)</b>  <b>30 months.</b> <b>(See also Clause 9 (f))</b>	
<b>19. Trading limits (Cl. 9)</b>  <b>Within Institute Warranty Limits (Charterers option to break same, paying extra insurance), including Israel, North Korea, Angola, war or war-like zones.</b>			
<b>20. Charter period</b>  <b>Seven (7) years</b>		<b>21. Charter hire (Cl. 10)</b>  <b>U.S. \$4,350 per day or pro rata from delivery for the first 5 years. Rate for years 6 &amp; 7, see Clause 29.</b>	
<b>22. Rate of interest payable acc. to Cl. 10(l) and, if applicable, ACCORD PART IV</b>  <b>N/A</b>		<b>23. Currency and method of payment (Cl. 10)</b>  <b>N/A</b>	

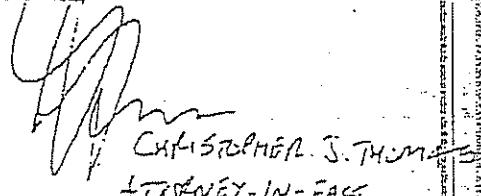
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To be advised by Owners.

25. Mortgage(s), if any. (state whether Cl. 11(a) or (b) applies) (also state place of C. 24 (optional)) <p>11(b) applies. Copy of mortgage to be attached.</p> <p>First National Bank of Maryland, Baltimore, U.S.A.</p>		The Charterers will pay during May, 1997, the amount of USD 175,000 (United States Dollars One Hundred and Seventy Five Thousand) which will be held in an Escrow account with the First National Bank of Maryland, Baltimore, USA, in an interest bearing account and to be released back to the Charterers in three equal amounts, at the end of the first	
27. Insurance (marine and war/risks), (state value acc. to Cl. 12(b) or, if applicable, see to Cl. 13(k)) (also state if Cl. 13 applies)		USD 14,000,000	
28. Additional insurance cover, if any, for Owners' account limited to Cl. 12(b) or, if applicable, (Cl. 13(d))		29. Additional insurance cover, if any, for Charterers' account limited to (Cl. 12(b)) or, if applicable, (Cl. 13(d)) <p>USD 1,000,000</p>	
30. Latent defects (only to be filled in if period other than indicated in Cl. 24)		31. War/cancellation (indicate countries agreed) (Cl. 24) <p>N/A</p> <p>U.S.A., Japan, United Kingdom, France</p>	
32. Brokerage commission and to whom payable (Cl. 25)		33. Law and arbitration (state 26.1, 26.2, or 26.3, of Cl. 26 if applicable) (Cl. 26) agreed <p>also state place of arbitration (Cl. 25)</p> <p>English Law / Arbitration London</p>	
34. Number of additional clauses covering special provisions, if agreed		35. Newbuilding Vessel (indicate with "yes" or "no" whether Part III applies) (optional)	
36. Name and place of Builders (only to be filled in if Part III applies)		37. Vessel's Yard Building No. (only to be filled in if Part III applies)	
38. Date of Building Contract (only to be filled in if Part III applies)		39. Hire/Purchase Agreement (indicate with "yes" or "no" whether Part V applies)	
40. Bareboat Charter Registry (indicate with "yes" or "no" whether Part V applies) (optional)		41. Flag and Country of the Bareboat Charter Registry (only to be filled in if Part V applies)	
42. Country of the Underlying Registry (only to be filled in if Part V applies)			

PREAMBLE. - It is mutually agreed that this Contract shall be governed by the conditions contained in this Charter which shall include PART I and PART II in the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and shall only form part of this Charter if expressly agreed and stated in the Boxes 35, 39 and 40. If PART III and/or PART IV and/or PART V apply, it is further mutually agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature Owners

  
 CHRISTOPHER J. THOMAS  
 ATTORNEY-IN-FACT

Signature Charterers

  
 Ocean Chol Shipholding S.A.

By: Shoichi Noguchi  
 Title: Director

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Definitions

In this Charter, the following terms shall have the meaning hereby assigned to them:

The Owner shall mean the person or company registered as Owner of the Vessel;

The Charterers shall mean the Bareboat charterers and shall not be construed to mean a time charter or a voyage charter.

Delivery (not applicable to newbuilding vessels)

The Vessel shall be delivered to the Charterers at the port or place indicated in Box 13, in such ready berth as the Charterers may instruct. The Owners shall before and at the time of delivery exercise all diligence to make the Vessel seaworthy and in every respect fit for the machinery and equipment for service under this Charter. The Vessel shall be property documented at time of delivery.

The delivery to the Charterers of the Vessel and the taking over of the Vessel by the Charterers shall constitute a full assumption by the Owners of all the Owners' obligations under this Charter, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with regard to the Vessel but the Owners shall be responsible for any claim of re-delivery occasioned by latent defects in the Vessel, her machinery or equipment, excepting at the time of delivery under the Charter, provided such defects have manifested themselves within 18 months after delivery, unless otherwise

Back to back attached Memorandum of Agreement

3. Time for Delivery (not applicable to newbuilding vessels)

The Vessel shall be delivered not before the date on which the Charterers' consent.

Unless otherwise agreed in Box 17, the Owners to and the Charterers not less than 30 running days' preliminary and not less than 14 days' definite notice of the date on which the Vessel is expected to be ready for delivery.

The Owners to and the Charterers closely advised of possible changes in the Vessel's position.

As per attached Memorandum of Agreement

4. Cancelling (not applicable to newbuilding vessels)

Should the Vessel be delivered later by the Owners than the date in Box 15, the Charterers to have the option of cancelling this Charter without prejudice to any claim the Charterers may otherwise have against the Owners under the Charter.

If it appears that the Vessel will be delayed beyond the cancelling date the Owners shall, as soon as they are in a position to do so, have reasonable certainty the day on which the Vessel could be ready, to notify the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) hours of the receipt by the Charterers of such notice. If the Charterers do not then exercise their option of cancelling, the seventieth day after the receipted date stated in the Owners' notice shall be regarded as a new cancellation date for the purpose of this Charter.

As per attached Memorandum of Agreement

Trading Limits

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated. The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the instruments of insurance (including any warranties expressed or implied therein) without first obtaining the consent to such employment of the Insurer and complying with such requirements as to extra premium or otherwise as the Insurer may prescribe. If required, the Charterers shall keep the Owners and the Mortgagors advised of the intended employment of the Vessel. The Charterers also undertake not to employ the Vessel in further employment in any trade or business which is forbidden by the law of any country to which the Vessel may call or is otherwise illegal or carrying illicit or prohibited goods or in any manner whatsoever which may render the Vessel liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter, it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained in writing.

6. Appoint a joint/independent surveyor

Survey on Delivery and Redelivery

The Owners and Charterers shall jointly appoint a surveyor for the purpose of determining and agreeing on the condition of the Vessel at the time of delivery and re-delivery hereunder. The Owners shall bear all expenses of the On-Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-Survey including loss of time, if any, at the rate of hire per day of pro rata, also including in such cases the cost of any docking and undocking, if required, in connection therewith.

7. Inspection

But without interfering with the vessel's operation

Inspection - The Owners shall have the right at any time to inspect or have the Vessel or instruct a duly authorized surveyor to carry out such survey on their behalf to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. Inspections or survey in dry-dock shall be made only when the Vessel shall be in dry-dock for the Charterers' purposes. However, the Owners shall have the right to require the Vessel to be dry-docked for inspection if the Charterers are not docking her at normal classification intervals. The fees for such inspection or survey shall in the event of the Vessel being found to be in a condition provided in Clause 9 of this Charter to be payable by the Owners shall be paid by the Charterers only in the event of the Vessel being found to require repairs or maintenance in order to achieve the condition so provided. All time taken in respect of inspection, survey or repairs shall count as time on hire and shall form part of the Charter period.

The Charterers shall also permit the Owners to inspect the Vessel in dry-dock whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel for the purpose of this Clause. The Charterers shall keep the Owners advised of the intended employment of the Vessel.

The Owners have the right to place a registered inspector at all times onboard with full access to technical and commercial information pertaining to Owners.

12. Inventory of equipment, outfit, appliances and consumable Oil and Stores

A complete inventory of the Vessel's on board equipment, outfit, appliances and all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all

the equipment, outfit, appliances and stores so delivered.

13. Maintenance and Operation

(a) The Vessel shall during the Charter period be in the full possession and absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, except as provided for in Clause 13 (i), they shall keep the Vessel with a current classification of the class indicated in Box 10 and with other required certificates in force at all times. The Charterers to take immediate steps to have the necessary repairs done within a reasonable time failing which the Owners shall have the right of withdrawing the Vessel from the service of the Charterers without incurring any costs and without prejudice to any claim the Owners may otherwise have against the Charterers under the Charter.

Unless otherwise agreed, in the event of any important structural changes or expensive new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing more than 5 per cent. of the Vessel's marine insurance value as stated in Box 27, then the extent, if any, is which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under the Charter, shall in any absence of agreement be referred to arbitration according to Clause 26.

The Charterers are required to establish and maintain financial security or responsibility in respect of oil or other pollution damage as required by any government, including Federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. The obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

TOVALOP SCHEME (Applicable to all tank vessels only) - The Charterers are required to enter the Vessel under the TOVALOP SCHEME or under any similar compulsory scheme upon delivery under this Charter and to maintain her so during the currency of this Charter.

(b) The Charterers shall at their own expense and by their own procurement man, vessel, navigate, operate, supply, load and repair the Vessel whenever required during the Charter period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including any foreign general, municipal and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law. (c) During the currency of this Charter, the Vessel shall retain her present name as indicated in Box 5 and shall remain under and by the flag as indicated in Box 5. Provided, however, that the Charterers shall have the liberty to paint the Vessel in their own colours, instead and display their funnel, flag and by their own house flag. Painting and re-painting, instalment and re-installment to be for the Charterers' account and time used thereby to account as time on hire.

(d) The Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of the Charter.

(e) The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter period replace such items of equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts of equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment at their expense and risk but the Charterers shall remove such equipment at the end of the period if requested by the Owners.

Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(f) The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary.

14. Hire rate times day

(a) The Charterers shall pay to the Owners for the hire of the Vessel at the rate per calendar month as indicated in Box 21 commencing on and from the date and hour of her delivery to the Charterers and at and after the hire rate for any part of a month. Hire to continue until the date and hour when the Vessel is redelivered by the Charterers to her Owners.

(b) Payment of hire, except for the first and last month's hire, sub-clause 19 of this Clause is applicable, shall be made in each month without discount, 19 months in advance on the first day of each month in the currency and in the manner indicated in Box 23 and at the place mentioned in Box 24.

the opinion of an H.K. Class Surveyor shall be obtained in writing

conclusive.

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26/27

**"BARECON 19" Standard Bareboat Charter**

(c) Payment of Hire for the first and last month's Hire if less than a calendar month shall be calculated proportionally according to the number of days in the particular calendar month and advance payment to be effected accordingly. 201  
(d) Should the Vessel be lost or missing, How to cease from the date and time when she was lost or last heard of, Any Hire paid in advance to be refunded accordingly. 202  
(e) There shall be of the essence in relation to payment of Hire, if less than a calendar month, if payment beyond a period of seven running days, the Charterer shall have the right to withdraw the Vessel from the service of the Charterer without notice and without interference by any court or other authority formally whatsoever, and shall, without prejudice to any other clause, the Owners may otherwise have against the Charterer under the Charter, be entitled to damages in respect of all costs and losses incurred as a result of the Charterer's default and the ensuing withdrawal of the Vessel. 203  
(f) Any delay in payment of Hire shall entitle the Owners to an interest rate, performance as agreed in Box 22, if Box 22 has not been filled in the Event of a charterer rate in the country where the Owners have their Principal Place of Business shall apply. 204

**Mortgage**

(a) Owners shall have the right to require the Charterer to pay in advance, according to the Deed(s) of Covenant annexed to this Charter and described in Box 26, by their counter-signatures on the Deed(s) of Covenant, the Charterers undertake to have accounted themselves with all terms, conditions and provisions of the said Deed(s) of Covenant. The Charterers undertake that they will comply with all such instructions or directions in respect to the employment, insurance, repairs and maintenance of the Vessel, etc., as shall be given in the Deed(s) of Covenant or as may be directed from time to time during the currency of the Charter by the Mortgagee, in accordance with the Deed(s) of Covenant. 205  
(b) The Charterers shall have the right to require the payment of any amounts due to the Mortgagee, and shall pay all such amounts, including interest, in accordance with the Deed(s) of Covenant. 206  
Clauses 21 (a) and 21 (b) are alternative; indicate alternative agreed. 207  
See opposite page

**Insurance and Repairs**

(a) During the Charter period the Vessel shall be kept insured by the Charterers at their expense against marine, war and Protection and indemnity risks in such form as the Owners shall be making available, which, according shall not be unreasonably withheld. Such marine, war and P. and I. insurances shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and mortgages (if any), and the Charterers shall have at their disposal to protect under such insurances the interests of any other persons they may appoint. All insurance policies shall be in the joint name of the Owners and the Charterers as their interests may appear. 208

(b) The Charterers shall be at liberty to arrange and have any of the the insurances provided for under the provisions of sub-clause (a) above in the manner described in the Charter, the Owners shall notify the Charterers whenever the Charterers shall receive the position within seven running days, failing which Owners shall have the right to withdraw the Vessel from the service of the Charterers without prejudice to any claim the Owners may otherwise have against the Charterers. 209

The Charterers shall, subject to the approval of the Owners and the Charterers, effect all insured repairs and shall undertake to defend and to pay the expenses of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible reimbursement or deductibles provided for in the insurances. 210

10 days credit for repairs under the provisions of sub-clause (a) of this Clause, 211 and for repairs of latent defects according to Clause 2 above including any, 212 which count as time on hire and shall form part of the Charter period. 213

10 days credit for the above insurances period additional insurance to be agreed 214 and the parties, such cover shall be limited to the amount for each part in Box 28 and Box 29, respectively. The Owners or the Charterers 215 in case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or 216 policy and the written consent of the insurers of any such required 217 insurance in any case where the consent of such insurers is necessary. 218

Should the Vessel become an actual, constructive, compromised or agreed 219 loss under the insurances required under sub-clause (a) of this Clause, 220 the Charterers shall be entitled to receive payment of the same in accordance 221 with the terms and conditions of the insurances, and the Charterers shall 222 be liable to the Owners for the amount of any such payment. 223

Should the Vessel become an actual, constructive, compromised or agreed 224 loss under the insurances arranged by the Charterers in accordance 225 with the terms and conditions of sub-clause (a) of this Clause, the Charterer 226 shall be entitled to receive payment of the same in accordance with the 227 terms and conditions of sub-clause (a) of this Clause, the value of the Vessel is the 228 same as indicated in Box 27. 229

The Owners shall upon the request of the Charterers, promptly execute 230 documents as may be required to enable the Charterers to abandon the 231 Vessel and claim a constructive total loss. 232

For the purpose of insurance coverage against marine and war risks under 233 the provisions of sub-clause (a) of this Clause, the value of the Vessel is the 234 same as indicated in Box 27. 235

For the purpose of insurance coverage against marine and war risks under 236 the provisions of sub-clause (a) of this Clause, the Charterer shall terminate as of the date of 237

the Charter period the Vessel shall be kept insured by the Owners and the Charterers, 238 in the manner described in the Deed(s) of Covenant, who shall 239 divide the monies between themselves, the Owners and the Charterers 240 according to their respective interests. The Charterers undertake to notify the 241 Owners and the Mortgagor, if any, of any occurrences in consequence of 242 which the Vessel is likely to become a Total Loss as defined in this Clause. 243

If the Vessel becomes an actual, constructive, compromised or agreed 244 loss under the insurances arranged by the Charterers in accordance 245 with the terms and conditions of sub-clause (a) of this Clause, the Charterer 246 shall be entitled to receive payment of the same in accordance with the 247 terms and conditions of sub-clause (a) of this Clause, the value of the Vessel is the 248 same as indicated in Box 27. 249

The Owners shall upon the request of the Charterers, promptly execute 250 documents as may be required to enable the Charterers to abandon the 251 Vessel and claim a constructive total loss. 252

For the purpose of insurance coverage against marine and war risks under 253 the provisions of sub-clause (a) of this Clause, the value of the Vessel is the 254 same as indicated in Box 27. 255

For the purpose of insurance coverage against marine and war risks under 256 the provisions of sub-clause (a) of this Clause, the Charterer shall terminate as of the date of 257

the Charter period the Vessel shall be kept insured by the Owners and the Charterers, 258 in the manner described in the Deed(s) of Covenant, who shall 259 divide the monies between themselves, the Owners and the Charterers 260 according to their respective interests. 261

For the purpose of insurance coverage against marine and war risks under 262 the provisions of sub-clause (a) of this Clause, the Charterer shall terminate as of the date of 263

**PART II**

**"BARECON 19" Standard Bareboat Charter**

Charterers shall, subject to the approval of the Owners and the Charterers, 264 keep the Vessel in a fit, working, 265 condition and to make any 266 necessary repairs and without interference by any court or other authority 267 formally whatsoever, and shall, without prejudice to any other clause, 268 the Owners may otherwise have against the Charterers under the Charter, 269 the Charterers shall rectify the position within seven running days, failing which 270 the Owners shall have the right to withdraw the Vessel from the service of the 271 Charterers without prejudice to any claim the Owners may otherwise have 272 against the Charterers. 273

(b) In the event that any act or negligence of the Charterers shall result in any 274 loss, damage or expense, the Charterers shall pay to the Owners, in 275 respect of such loss, damage or expense, the amount of such loss, damage or 276 expense, and indemnify the Owners against all claims and demands which 277 would otherwise have been covered by such insurance. 278

(c) The Charterers shall, subject to the approval of the Owners or Owners' 279 Underwriters, effect all insured repairs, and the Charterers shall, under the 280 settlement of all miscellaneous expenses in connection with such repairs, 281 as well as insured charges, expenses and liabilities, to the extent of coverage 282 under the insurances provided for under the provisions of sub-clause (a) of 283 this Clause, The Charterers to be secured reimbursement through the 284 Owners' Underwriters for such expenditures upon presentation of accounts. 285

(d) The Charterers to remain responsible for and to effect repairs and 286 settlement of costs and expenses incurred thereby in respect of all other 287 repairs not covered by the insurances and/or not exceeding any possible 288 insurance(s) or deductibles provided for in the insurances. 289

(e) All fees used for repairs under the provisions of sub-clause (a) and (b) of 290 this Clause and for repairs of latent defects according to Clause 2 above, 291 including any deviation, shall count as time on hire and shall form part of the 292 Charter period. 293

The Owners shall not be responsible for any expenses as are incident to the 294 use and operation of the Vessel for such time as may be required to make 295 such repairs. 296

(f) If the conditions of the above repairs have period additional insurance to be 297 placed by the parties such cover shall be limited to the amount for each party 298 set out in Box 28 and Box 29, respectively. The Owners or the Charterers 299 in the case may be shall immediately furnish the other party with particulars of 300 any additional insurance effected, including copies of any cover notes or 301 policy and the written consent of the insurers of any such required 302 insurance in any case where the consent of such insurers is necessary. 303

(g) Should the Vessel become an actual, constructive, compromised or agreed 304 loss under the insurances required under sub-clause (a) of this Clause, 305 the Charterers shall deduct all insurance payments for such loss shall be paid to the Owners, who 306 shall deduct all insurance payments for such loss shall be paid to the Charterers. 307

(h) If the Vessel becomes an actual, constructive, compromised or agreed 308 loss under the insurances arranged by the Owners in accordance with 309 sub-clause (a) of this Clause, this Charter shall terminate as of the date of 310 such loss. 311

(i) The Charterers shall upon the request of the Owners, promptly execute 312 such documents as may be required to enable the Owners to abandon the 313 Vessel and claim a constructive total loss. 314

(j) For the purpose of insurance coverage against marine and war risks under 315 the provisions of sub-clause (a) of this Clause, the value of the Vessel is the 316 same as indicated in Box 27. 317

(k) Notwithstanding anything contained in Clause 9 (a), it is agreed that under 318 the provisions of Clause 12, if applicable, the Owners shall keep the Vessel 319 available and accessible in a fit, working condition for the Charter period. 320

(l) Redelivery

The Charterers shall at the expiration of the Charter period deliver the 321 Vessel at a safe and ice-free port or place as indicated in Box 15. The 322 Charterers shall give the Owners not less than 30 running days' notice in 323 writing or by telegram or telex of intended date, name of port or 324 destination or port of redelivery. Any changes thereto in Vessel's 325 position shall be notified immediately to the Owners. 326

Should the Vessel be ordered on a voyage by which the Charter period may 327 be exceeded the Charterers to have the use of the Vessel to enable them to 328 complete the voyage, provided it could be reasonably calculated that the 329 voyage would allow redelivery about the time fixed for the termination of the 330 Charter. 331

The Vessel shall be redelivered to the Owners in the same or as good 332 structural, condition and class as to which she was delivered; fair 333 water and wave not-affecting class excluded. 334

The Vessel upon redelivery shall have her survey cycles up to date and class 335 certificates valid and in force as indicated in Box 12. 336

Not Less and Indemnity **"to be as is" as agreed**

The Charterers will not suffer, nor permit, to be condemned, any item or 337 encumbrance incurred by them or their agents, which might have priority over 338 the use and interest of the Owners in the Vessel. 339

The Charterers further agree to leave the Vessel in a conspicuous place 340 and to keep as fastened during the Charter period a notice reading as 341 follows:— 342

"This Vessel is the property of [name of Owners]. It is under charter to [name 343 of Charterer] and by the terms of the Charter Party neither the Charterers nor 344 the Master have any right, power or authority to create, incur or permit to be 345 imposed on the Vessel any lien whatsoever." 346

The Charterers shall indemnify and hold the Owners harmless against any 347 loss of whatsoever nature arising upon the Vessel during the Charter period 348 while the Vessel under the control of the Charterers, and against any claims 349 against the Owners arising out of or in relation to the operation of the Vessel 350 by the Charterers. Should the Vessel be arrested by reason of claims or liens 351 arising out of her operations hereunder by the Charterers, the Charterers shall 352 at their own expense take all reasonable steps to secure the Vessel a 353 reasonable time the Vessel is released and at their own expense put up to 354 a security in the name of the Owners. 355

The Charterers to have action upon all cargoes and sub-crews belonging to the 356 Charterers and any sum of money kept for all claims under this Charter, and 357 the Charterers to have a lien on the Vessel for all monies paid in advance and 358 not earned. 359

Charterers to pay all expenses of the Vessel as incurred by the Charterers 360 and to bear the cost of repairing damage or occasioned thereby that be borne 361 by the Charterers. 362

All damage and damage performed by the Vessel shall be for the Charterers 363 and the cost of repairing damage or occasioned thereby that be borne 364 by the Charterers. 365

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The Charterers shall indemnify the Owners against any sum or damage which the Owners shall become liable to pay and shall pay interest in consequence of the loss of the vessel becoming a wreck or obstruction to navigation.

18. General Average

General Average, if any, shall be adjusted according to the Rules 1973 or any subsequent modification thereto, current at the time of the casualty.

The Charterer shall not contribute to General Average.

19. Assignment and Sub-Demise

The Charterers shall not assign this Charter nor sub-charter the Vessel, except with the prior consent in writing of the Owners which shall not be unreasonably withheld and subject to such terms and conditions as the Owners shall approve.

20. Bills of Lading

The Charterers are to procure that all Bills of Lading issued goods under this Charter shall contain a Paramount Clause in legislation relating to Carrier's liability for cargo compensation in the trade; if no such legislation exists, the Bills of Lading shall incorporate the Amended New Jumbo Clause and the Bill-to-Blame Clause. The Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

21. Bank Guarantee

The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 25 as guarantee for full performance of their obligations under this Charter. (Optional, only to apply if Box 25 filled in).

22. Requisition/Acquisition

(a) In the event of the Requisition for hire of the Vessel by any governmental or other competent authority hereinafter referred to as "Requisition for Hire", 436 irrespective of the date during the Charter period when Requisition for Hire, 437 may occur and irrespective of the length thereof and whether it is for a 438 limited or a limited period of time, and irrespective of whether it may or 439 will remain in force for the remainder of the Charter period, the Charter shall 440 not be deemed thereby or thereon to be terminated or otherwise terminated 442 and the Charterers shall continue to pay the stipulated hire in the manner 443 provided by this Charter until the time when the Charter would have 444 terminated pursuant to any of the provisions hereof always provided however, 445 that in the event of "Requisition for Hire" any Requisition for hire, or 446 compensation received or recoverable by the Owners shall be applied to the 447 Charterers during the remainder of the Charter period or the period of the 448 "Requisition for Hire" whichever is the shorter. 449 The hire under this Charter shall be payable to the Owners from the same time 450 as the Requisition hire is payable to the Charterers. 451 (b) In the event of the Owners being deprived of their ownership of the Vessel 452 by any Compulsory Acquisition of the Vessel or requisition 453 by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter 455 period when "Compulsory Acquisition" may occur, this Charter shall be 456 deemed terminated as of the date of such "Compulsory Acquisition", in such 457 event Charter hire to be considered as earned and to be paid to the Charterers 458 and to the extent of such "Compulsory Acquisition". 459

Additional Clauses:

27. The Charterers to report monthly to the Owners, giving a list of any outstanding operational payments owing in relation to the vessel. Such outstandings are not to exceed U.S. \$100,000 (One Hundred Thousand Dollars) at any time, except in the case of drydocking or major repairs, when Charterers are entitled to take advantage of yard's standard payment terms (in such a case a copy of the yard's invoice will be forwarded to the Owners).

28. Crewing to be effected by Magsaysay Lines or other reputable Creving Agency in Charterers' option.

29. The Bareboat rate for the 6th & 7th years will be determined by a market timecharter rate, established by three independent Brokers, SSY, Kleveness of Oslo and Ernest Russ of Hamburg. The Bareboat rate will be the agreed timecharter rate, less running costs of USD 3,605 for 6th year and USD 3,710 for the 7th year.

\* 11. Mortgage

(b) The vessel chartered under this charter is to be financed by a mortgage as stated in Box 26. The Charterers undertake to sign a Tripartite Agreement of even date with this charter, made between themselves, the Owners and the mortgagee, and by such signature to acquaint themselves with all terms, conditions and provisions of the said Tripartite Agreement. The Charterers undertake that they will comply with all instructions or directions in regard to the employment, insurances, repairs and maintenance of the vessel etc., as laid down in the Tripartite Agreement or as may be directed from time to time during the currency of the charter by the mortgagor in conformity with the terms of the Tripartite Agreement.

and The Vessel unless the consent of the Owners be first obtained not to be ordered nor continue to any place or on any voyage nor be used on any service which will bring her within a zone which is dangerous as the result of any actual or threatened act of war, hostilities, warlike operations, acts of piracy or of hostility or malicious damage against this or any other vessel or its cargo by any person, body or State whatsoever, revolution, civil war, civil commotion or the operation of international law, nor be exposed in any way to any risks or penalties whatsoever consequent upon the imposition of sanctions, nor carry any goods that may in any way expose her to any risks of seizure, capture, detention or any other interference of any kind whatsoever by the belligerent or belligerent powers or parties or by any Government or Ruler.

(ii) The Vessel in have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stoppages, destination, delivery or any other wise whatsoever given by the Government of the nation under whose flag the Vessel sails or any other Government or any person or body acting or purporting to act with the authority of such Government or by any committee or person having under the terms of the war risks insurance on the Vessel the right to give any such orders or directions.

(iii) In the event of outbreak of war whether there be a declaration of war or not between any two or more of the countries as stated in Box 31, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 10, if she has cargo on board after discharge thereof at destination, or if she is en route from reaching or entering a port of war and is bound for a safe port as directed by the Owners, or if she has no cargo on board at the port of which she is or is to be at a rear open and safe port as directed by the Owners. In all cases hire shall continue to be paid in accordance with Clause 10 and except as aforesaid all other provisions of this Charter shall apply until redelivery.

directly affecting performance of this Charter Part:

25. Commission.

The Owners to pay a commission at the rate indicated in Box 32 to the Brokers named in Box 32 on any hire paid under the Charter but in no case less than necessary to cover the actual expenses of the Brokers and a reasonable fee for their work. If the full hire is not paid owing to breach of Charter by either of the parties the party liable therefor to indemnify the Brokers against their loss of commission.

Should the parties agree to cancel the Charter, the Owners to indemnify the Brokers against any loss of commission but in such case the commission not to exceed the brokerage on one year's hire.

26. Law and Arbitration

(a) This Charter shall be governed by English law and any dispute arising out of this Charter shall be referred to arbitration in London, one arbitrator being appointed by each party, in accordance with the Arbitration Act 1950 and 1978 or any statutory modification or re-enactment thereof for the time being in force. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator without unnecessary delay, failing which the decision of the single Arbitrator appointed shall apply. If two Arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.

or referred to the two persons at New York, one to be appointed by each of the parties hereto, the third by the two so chosen; their decision shall be final, and for purpose of enforcing any award, this agreement may be made a rule of the Court.

The arbitrators shall be members of the Society of Maritime Arbitrators, Inc. of New York and the proceedings shall be conducted in accordance with the rules of the Society.

(b) Any dispute arising out of this Charter shall be referred to arbitration at the place indicated in Box 33, subject to the law and procedures applicable there.

26.4 If Box 32 in Part I is not filled in, sub-clause 26.1. of this Clause shall apply.

26.5 The arbitration shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. of New York.

26.6 Any dispute arising out of this Charter shall be referred to arbitration at the place indicated in Box 33, subject to the law and procedures applicable there.

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